

FACT SHEET

SUBJECT: Materiel Handling Initiative (MHI) Prime Vendor (PV)

BACKGROUND:

- This acquisition is a prototype business reengineering initiative to establish a PV contracting relationship with a firm(s) to provide material handling supplies (stick items) and pallet management. The initial target sites will be DLA Depots. However, after implementation, other military installations will also be targeted.

DISCUSSION:

- Thirteen DLA depots were originally targeted as customers. Due to the closure of various depots since the project initiation, the number is now ten.
- Initially, the bulk of sales from this initiative are expected to be from “pallet management”. Pallet management as used in the private sector involves a closed-loop system that requires tracking and eventual return of pallets to originator. This method has been determined impractical for DoD use, due to inability to track and return pallets issued to remote or unstable regions.
- Solicitation calls for customers to order directly from a prime vendor, and the required items are supplied from the vendor to the customers' designated delivery sites. The number of items available in the catalog is based on individual installation preferences. Customers can expect competitive pricing, three day delivery of commercial off-the-shelf items, 24 hour service for emergency orders, brand name preference, bills-of-materials orders for specific projects to be assembled, held, and delivered 100% complete by the prime vendor to wherever and whenever the customer requires, and the ability to return excess materials ordered.
- Pallet management, as defined in this solicitation, will be the supply, pick-up, repair, and replacement of pallets as determined by the customer. Stick items, which include packaging, containers, boxes, conveyors, and other warehouse items, have potential to add significant sales as well.
- Virtually all Military Services and bases use these supply items. Our stretch goal is to implement this initiative at our largest Army, Navy, Air Force and Marine bases after initial successful DLA implementation. Fort Campbell, Kentucky is targeted for implementation soon after award.
- Best Value Source Selection procedures are being used to evaluate the offers.

- Technical proposals are under evaluation. Price negotiations have been opened with those companies providing technically acceptable packages.
- A market basket of items is being be used to determine price reasonableness.
- The Statement of Work in the solicitation was developed in cooperation with the pilot customers and industry.
- Current solicitation is for the East Coast. The next solicitation will be for the West Coast/Pacific and Europe.

RECOMMENDATION: For information only.

APPROVED: General and Industrial Director

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